

**IN THE CHANCERY COURT FOR LEWIS COUNTY, TENNESSEE
AT HOHENWALD**

In re: Sentinel Trust Company

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Case No. 4781

**MOTION OF WAYNE COUNTY, TENNESSEE TO INTERVENE
AND TO ORDER PAYMENT OF OUTSTANDING BONDS**

Comes Wayne County, Tennessee and moves to intervene in this proceeding and for an Order for payment pursuant to its Refunding Escrow Agreement with Sentinel Trust Company (STC), the School Bonds, Series 1999, dated February 1, 1999, and the School Bonds, Series 2000, dated January 1, 2000. Failure to pay these Bonds will result in default of the Bonds.

In support of this Motion, Wayne County states that it issued School Refunding Bonds, Series 2003 of \$9,495,000.00 for the purpose of refunding the School Bonds, Series 1999 and School Bonds, Series 2000, thereby reducing its debt service payments. Wayne County entered into a Refunding Escrow Agreement with Sentinel Trust Company, dated June 3, 2003, a copy of which is attached as Exhibit 1, that provides for STC to purchase U S Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities) par value \$9,656,000, and to use the proceeds to pay the interest and principal of the School Bonds, Series 1999 and 2000. A list of the U S Treasury STRIPS purchased appears as Exhibit B of the Refunding Escrow Agreement, Exhibit 1 herein. I am attaching a copy of the Trade Tickets reflecting the purchase of each of these US Treasury STRIPS on 06/03/03 with a copy of the Receipts from Coastal Securities, L.P. for each U S Treasury STRIP as Exhibit 2. All of these Exhibits are part of the

Transcript of Proceedings for the Wayne County, Tennessee School Refunding Bonds, Series 2003 as attested to by Karen Neal, attached as Exhibit 3.

Section 2.07 of the Refunding Escrow Agreement, Exhibit 1, states:

Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

It is clear from these documents that STC was required to escrow the funds received from Wayne County, Tennessee and to use these funds only for the payment of the 1999 and 2000 Series Bonds. It is also clear from these documents that these funds have been segregated for this purpose. Failure to authorize payment of the 1999 and 2000 Series Bonds will result in their default. The list of the interest and principal payments required to be made to the bondholders of the 1999 Series Bonds is Exhibit A-1 to the Refunding Escrow Agreement, Exhibit 1 herein. The list of the interest and principal payments required to be made to the bondholders of the 2000 Series Bonds is Exhibit A-2 to the Refunding Escrow Agreement, Exhibit 1 herein. The U S Treasury STRIPS purchased and their maturity dates (Exhibit B of the Refunding Escrow Agreement) correspond with the list of required payments. The final payment on the Series 2000 Bonds is required to be made on 12/01/04 in the amount of \$4,805,676.25. There are \$4,422,950.00 in payments remaining to be made in the Series 1999 Bonds. The next payment is due on December 1, 2004 in the amount of \$105,310.00. The final payment on the Series 1999 Bonds is required to be made on 12/01/06 in the amount of \$4,001,710.00.

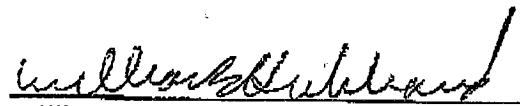
Section 3.10 of the Refunding Escrow Agreement, Exhibit 1, provides for the Court to appoint a successor agent. Wayne County requests this Court to order the Receiver either to make the interest and principal payments when they become due or, alternatively, to appoint a successor agent to make the payments. Wayne County further requests pursuant to Rule 62.01 of the Rules of Civil Procedure, that the Order not be stayed after entry.

Wayne County requests this Motion be set for August 9, 2004.

Respectfully submitted,

HUBBARD, BERRY, DOUGHTY, HARRIS
& BARRICK, PLLC

By:


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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing document has been forwarded by first-class mail, postage prepaid and by facsimile transmission to the following on this the ^{26th} ~~25th~~ day of July, 2004:

Larry Stewart
John L. Chambers
Charles W. Cook, III
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